

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

U.S. DEPT. OF AGRICULTURE
NAT'L AGRIC. LIBRARY
RECEIVED

MAY 24 '76

PROCUREMENT SECTION
CURRENT SERIAL RECORDS

CONDITIONAL COMMITMENTS FOR RURAL HOUSING LOANS

The Farmers Home Administration (FmHA), an agency of the United States Department of Agriculture, issues Conditional Commitments on single-family dwellings in the open country or in rural communities. The program is designed to encourage the construction or rehabilitation of single-family dwellings in rural areas for sale to low- and moderate-income families.

What Is A Conditional Commitment?

It is not a legally binding contract, but is assurance* to a builder or seller that the agency will be willing to make loans to qualified applicants if the homes meet the FmHA lending, design, and construction requirements in effect when the loan is to be closed.

*This assurance does not reserve funds for a loan nor does it provide for construction financing.

Who May Apply For Conditional Commitments?

An individual, partnership, or corporation engaged in the construction or the rehabilitation and sale of homes may apply for a Conditional Commitment.

What Is Required Of An Applicant For A Conditional Commitment?

An applicant must:

1. Have demonstrated ability to provide for the construction of single-family dwellings in a competent and workmanlike manner.
2. Be the owner of the site on which the dwelling will be located and have the financial ability to complete the proposed housing construction or rehabilitation.
3. Plan to build or rehabilitate homes that will be acceptable for purchase by families who qualify for rural housing loans through FmHA. Homes will be sold for not more than the agreed commitment price if financed by FmHA. However, houses may also be sold to families who secure financing elsewhere.
4. Certify that there will be no discrimination in the sale of the dwellings because of race, creed, color, sex, marital status, or national origin.



5. Conform with local building codes and regulations regarding housing construction.

6. Have the legal capacity to enter into the required agreements and the actual capacity to carry them out.

What Limitations Are Placed On Conditional Commitments?

Conditional commitments may be issued before construction begins:

1. On new dwellings, including manufactured homes.

2. On dwellings which require major repairs, additions, structural changes, or installations.

3. When the total number of commitments issued by FmHA in any locality does not exceed the number of homes for which there is an immediate and ready market.

What Are The Terms Of Conditional Commitment?

The conditional commitment is good for 12 months from date of issue. It may be extended for an additional 6 months if justified because of unexpected delays in construction caused by such factors as bad weather, material shortages, or other unforeseen difficulties.

Commitment applications must be accompanied by an application fee for each house based on the following schedule:

1. Construction of new home—\$65.00

2. Rehabilitation of existing home—\$50.00

How Does One Apply?

Applications are made in the form of a letter specifying:

1. Number of homes for which commitments are being requested and a description of the type and location of the homes involved.

2. Number of previous commitments issued by Farmers Home Administration on homes that are unsold as of the date of application.

Attached to the application should be supporting data such as plans, specifications, proposed selling price, and other information related to the property.

Where Does One Apply?

Applications for a Conditional Commitment are made at the local county office of the Farmers Home Administration, usually located in the county seat town. The office staff will be glad to discuss services available from the agency and explain how to prepare a written application.